
Item 15

Information

Executive Director's Report

Executive Summary: This item highlights staff activities and other items of note since the last meeting.

Recommended Action: This item is for informational purposes only.

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Presenter: David Tristan, Executive Director

Executive Director's Report

This report summarizes key activity since the last meeting. It provides updates on various administrative issues and highlights accomplishments.

A. Personnel

It is a pleasure to welcome three new people to the Ethics Commission. First, we welcome Commissioner Manjusha Kulkarni, who was appointed by City Attorney Mike Feuer. Commissioner Kulkarni is the Executive Director of Asian Pacific Policy and Planning Council (A3PCON) and also serves as a lecturer in the Asian American Studies Department of UCLA. We look forward to working with her and learning from her expertise.

We also welcome two new staff members. Kiyana Asemanfar started with us on July 19, as our Lobbying Program Manager—a position that became vacant last fiscal year as a result of the Separation Incentive Program (SIP). Kiyana holds degrees from USC in Political Science and Business Administration, and she most recently served as a project manager for California Common Cause.

Finally, Willie Jones III will be joining the staff on August 30 to fill the programmer position that was added to our budget to meet our new mandate regarding developer contributions. Willie comes to us from AIG, where he has served as a software developer since 2017. He holds a degree in Computer Information Systems from State University of New York College at Buffalo and also brings web developer and systems administrator experience to the position.

Two other staff vacancies cannot be filled until January 1, because we received only six-month funding for them. The long-standing Director of Audits position became vacant last year as a result of the SIP, and a new Developer Program Manager position was added to our budget this year to administer the developer laws. We hope to fill both positions as quickly as possible.

B. Advice and Disclosure

Our program staff works diligently, with an emphasis on education, to serve the public and those who are subject to regulation by our laws. We provide trainings, assist with filings, promote public awareness, and provide compliance assistance through both formal and informal advice.

As of July 31, we have handled 16,009 compliance assistance contacts, processed 16,698 filings, and provided trainings for 1,019 individuals. The tables on the next page detail work done so far this year in each of our key program areas.

Governmental Ethics	July 2021	YTD
Pre-confirmation Transmittals	4	35
Statements of Economic Interests Filings	259	8,367
Recusal Notifications	3	21
Behested Payment Reports	4	37
Individuals Trained (live)	0	89
Individuals Trained (online)	185	770
Compliance Assistance Contacts	894	7,685

Contracts	July 2021	YTD
Departmental Contract Disclosure Filings	1	154
Bidder/Underwriter Filings	127	1,039
Compliance Assistance Contacts	297	1,575

Campaign Finance	July 2021	YTD
Candidacy Related Filings	95	394
Disclosure Reports by Candidates / Current Committees	23	105
Disclosure Reports by Officeholders / Past Committees	64	216
Campaign Communication Filings	95	463
Independent Expenditure Filings	0	0
Individuals Trained	2	7
Compliance Assistance Contacts	808	4,337

Lobbying	July 2021	YTD
Lobbyist Registrations	22	540
Lobbying Firm Registrations	4	156
Lobbyist Employer Registrations	1	89
Clients	51	1,953
Disclosure Reports	577	1,951
Individuals Trained	23	153
Compliance Assistance Contacts	529	2,412

Lobbying Registration Fees	2021 YTD
Lobbyists	\$257,100
Clients	\$146,475
TOTAL	\$403,575

C. Communications

Our strategic communications team helps to ensure that our regulated communities and the public are aware of important dates, decisions, and developments. They continuously monitor and update the information on our web site. They also generate notices and reminders, issue press releases, conduct informational events, maintain annotated versions of our laws, generate forms, and create educational materials such as brochures and guides.

The table below highlights activity through July. Of note are several new publications, including gift flowcharts, a revolving door brochure, and a political activity brochure. All are available at ethics.lacity.org/publications.

Communications	July 2021	YTD
Website Updates	5	35
Educational Notices	2	14
Filing Reminders	5	15
Informational Events	0	5
Policy Updates	0	5
Press Releases	0	7
Publications	3	10

D. Web Site

As of July 31, we had over 130,000 page views, and nearly 54,000 searches were conducted through the Public Data Portal. The searches were primarily focused on campaign finance activity (53 percent) and lobbying activity (24 percent). The Public Data Portal may be accessed at ethics.lacity.org/data.

E. Audits

Audits are required for 19 committees associated with the 2019 elections. Eighteen audits have been completed and released, and the final audit is underway. Copies of the most recently released audits, for committees controlled by John Lee and Graciela Ortiz are provided in Attachments A through D and are also available online through the Public Data Portal.

F. Enforcement

Every enforcement matter begins with a complaint that alleges wrongdoing. We receive complaints in a variety of ways, including through our whistleblower program, internal reviews of documents that are filed with us, audits, referrals, and media reports. The table at the top of the next page identifies complaints that we received in July 2021.

Types of Complaints	July 2021	YTD
Governmental Ethics Allegations	13	79
Campaign Finance Allegations	4	19
Lobbying Allegations	0	4
Allegations Outside Our Jurisdiction	23	147
TOTAL	40	249

We are required by law to review every complaint we receive. In July, the review process led to the resolution of 46 complaints. As noted in the following table, we ended the month with 42 active complaints, and seven of them were more than two years old. There are a variety of reasons a complaint might not be resolved within two years, including complex facts, voluminous records, individuals pursuing all available due process rights, coordination with another law enforcement agency, direction from a criminal law enforcement agency to pause administrative enforcement until the criminal action is resolved, and other similar scenarios.

Status of Complaints	July 2021	Previous Month
Active Complaints (on last day of month)	42	48
<i>New Complaints</i>	40	42
<i>Cold Complaints (2+ years old)</i>	7	10
Resolved Complaints	46	58

Based on the review of a complaint, an enforcement case may be opened. The table below shows that three new cases were opened in July, and we ended the month with a total of 24 open cases. Cases may be closed for a variety of reasons, such as a lack of evidence or an outreach effort by the enforcement staff that leads to mitigation.

Enforcement Cases	July 2021	Previous Month
Open Cases (on last day of month)	24	22
New Cases	3	2
Resolved Cases:		
<i>Closed</i>	1	1
<i>Settled</i>	0	0
<i>Adjudicated</i>	0	0

There are various stages in the life of an open enforcement case. As detailed in the first table on the next page, 20 open cases were under investigation in July, one settlement was offered, and two probable cause reports were served.

Enforcement Case Status	July 2021	Previous Month
Ongoing Investigation	20	18
Closing Memo	1	1
Settlement Offered	1	2
PC Report Served	2	1
Hearing/Decision Pending	0	0
TOTAL	24	22

An enforcement case may address any of the laws within our jurisdiction. The next table organizes July's open enforcement cases by type. They included nine governmental ethics allegations, five campaign finance allegations, and seven lobbying allegations.

Types of Open Enforcement Cases	July 2021	Previous Month
Ethics Violations		
<i>Misuse of authority</i>	2	2
<i>Gift violation</i>	6	6
<i>Revolving door violation</i>	1	1
<i>Outside employment violation</i>	1	1
Campaign Finance Violations		
<i>Money laundering violation</i>	4	4
<i>Independent expenditure violation</i>	1	1
Lobbying Violations		
<i>Reporting violation</i>	9	7
TOTAL	24	22

An enforcement case may be resolved by imposing monetary penalties. To date this year, penalties totaling \$162,500 have been imposed. Enforcement orders may be viewed online through the Public Data Portal.

G. Looking Ahead

This quarter is appointment season, when we process the most statements of economic interests for appointees throughout the City. We continue to prepare for the 2022 City and Los Angeles Unified School District Board of Education (LAUSD) elections, including providing trainings for candidates and treasurers, handling matching funds claims, updating educational materials, and processing disclosure reports. We also continue to create online resources, in an effort to enhance transparency and user experiences, and additional data tools are currently in the works.

The next regular commission meeting is scheduled for October 20. Attachment E is a timeline of key events on the horizon for the agency and our regulated communities.

Attachments:

- A Audit report: “Graciela Ortiz for School Board 2019”*
- B Audit report: “Graciela Ortiz for Huntington Park City Council 2015”*
- C Audit report: “John Lee for City Council 2019”*
- D Audit report: “John Lee for City Council 2019 – Runoff”*
- E Timeline*



AUDIT REPORT

“GRACIELA ORTIZ FOR SCHOOL BOARD 2019”

*2019 LAUSD Board of Education Special Primary Election Committee
(ID #1412509)*

July 8, 2021

200 North Spring Street, Suite 2410 • Los Angeles, CA 90012 • (213) 978-1960 • ethics.lacity.org





AUDIT REPORT

"Graciela Ortiz for School Board 2019"

2019 LAUSD Board of Education Special Primary Election Committee

AUDIT AUTHORITY

The Ethics Commission audited the "Graciela Ortiz for School Board 2019" committee (the Committee) to determine if the candidate, the treasurer, and the Committee complied with the limitations, prohibitions, recordkeeping requirements, and disclosure requirements in the state's Political Reform Act of 1974, the Los Angeles City Charter (Charter), and applicable City ordinances and policies. The Ethics Commission is required to "conduct audits and investigations of reports and statements filed by candidates and committees supporting or opposing candidates for Board of Education offices." Charter § 803(u)(1).

AUDIT PERIOD

The audit covered the period of January 1, 2018, through December 31, 2020.

One other committee controlled by candidate Graciela Ortiz was audited as part of the same election cycle: "Graciela Ortiz for Huntington Park City Council 2015" (ID #1366476).

COMMITTEE BACKGROUND

Ms. Ortiz was a candidate for District 5 of the Los Angeles Unified School District Board of Education in the special primary election that was held on March 5, 2019. The Committee was the campaign committee that Ms. Ortiz controlled for that election. She was opposed in the race by nine other candidates: Jackie Goldberg, Heather Repenning, Allison Bajracharya, Ana Cubas, Cynthia Gonzalez, Rocio Rivas, Salvador "Chamba" Sanchez, David Valdez, and Nestor Enrique Valencia. Ms. Ortiz received 13.0 percent of the 33,074 votes cast in the special primary election.

Ms. Ortiz filed a "Declaration of Intent to Solicit and Receive Contributions" with the Ethics Commission on October 2, 2018. The Committee filed a "Statement of Organization" with the Secretary of State on October 2, 2018, and the Committee's identification number is 1412509.

The Committee's treasurer is David L. Gould, whose office is located at 249 East Ocean Boulevard, Suite 685, Long Beach, California 90802.

The Committee's original address of record was 249 East Ocean Boulevard, Suite 685, Long Beach, California 90802. The "Statement of Organization" was amended to change the address of record to 5960 Santa Fe Avenue, Huntington Park, California 90255 on February 13, 2019.

To manage its financial activity, the Committee maintained one campaign checking account at a financial institution located within the City, as required by Charter § 803(e). During the audit period, the Committee reported through its campaign statements an opening cash balance of \$0, total cash receipts of \$180,920, total cash disbursements of \$180,685 and a closing cash balance of \$235. Cash receipts include monetary contributions and miscellaneous increases to cash (account interest, refund of deposits, etc.).

AUDIT SCOPE AND PROCEDURES

The audit included tests of the Committee's records and transactions. The audit included but was not limited to the following general categories:

1. Compliance with laws governing the receipt of contributions, including loans;
2. Proper disclosure of contributions, including itemization when required, as well as the completeness and accuracy of the information disclosed;
3. Proper disclosure of disbursements, including itemization when required, as well as the completeness and accuracy of the information disclosed;
4. Proper disclosure of debts and obligations;
5. Accuracy of total reported receipts, disbursements, and cash balances, as compared to bank records;
6. Adequate recordkeeping for transactions;
7. Complete and timely filing of state and City forms, statements, and reports;
8. Compliance with disclaimer and disclosure requirements for campaign communications; and
9. Other audit categories deemed necessary.

Audit reports and information gathered through audits are referred to the Ethics Commission's enforcement division and may be referred to other appropriate law enforcement agencies.

CURED CONTRIBUTIONS

The Ethics Commission's Excess Contribution Policy permits candidates and committees to cure contributions that are prohibited or exceed a contribution limit. In addition to meeting other criteria, the contribution must be returned within a specified period of time to either the

contributor or the City’s general fund. Contributions that are properly cured are not treated as violations, but they must be identified in audit reports. *See* Excess Contribution Policy § C.3.

The Committee properly cured the contributions that are identified in Attachment A.

AUDIT FINDINGS

Audit findings describe instances in which auditors concluded that a committee failed to comply with state or City law. A committee’s activities may also be monitored by the Ethics Commission’s enforcement division and other enforcement agencies. A four-year statute of limitations applies to an Ethics Commission enforcement matter, unless the alleged violation involved concealment or deceit. Los Angeles Administrative Code (LAAC) § 24.26(a)(2)(A); Charter § 803(v)(2)(G).

Auditors concluded that the Committee did not have any material findings in this audit.

Attachment:

A Cured Contributions

Attachment A
Cured Contributions
Graciela Ortiz for School Board 2019 (ID #1412509)

Set	Reason for Curing*	Contributor	Date Received	Amount
1	Aggregated	Advanced Applied Engineering, Inc.	11/26/2018	\$1,200.00
		Infrastructure Architects, Inc.	12/14/2018	\$1,200.00

***Reasons for Curing a Contribution:**

Aggregated: For purposes of the applicable per-person contribution limit, contributions from multiple persons must be treated as having been made by a single person when certain shared interests exist, such as those between a sole proprietorship and the sole proprietor.

Cumulative: Contributions from a single person may not exceed the applicable per-person contribution limit to a committee during an election.

Prohibited: Contributions from certain persons, such as lobbyists are prohibited.

AUDIT REPORT

“GRACIELA ORTIZ FOR HUNTINGTON PARK CITY COUNCIL 2015”

*Municipal General Election Committee
(ID #1366476)*

July 8, 2021



AUDIT REPORT

“Graciela Ortiz for Huntington Park City Council 2015”

Municipal General Election Committee

AUDIT AUTHORITY

The Ethics Commission audited the “Graciela Ortiz for Huntington Park City Council 2015” committee (the Committee) to determine if the candidate, the treasurer, and the Committee complied with the limitations, prohibitions, recordkeeping requirements, and disclosure requirements in the state’s Political Reform Act of 1974, the Los Angeles City Charter (Charter), and applicable City ordinances and policies. The Ethics Commission is required to “conduct audits and investigations of reports and statements filed by candidates and committees supporting or opposing candidates for Board of Education offices.” Charter § 803(u)(1). In addition, each committee that is controlled by a candidate who is subject to a mandatory campaign audit must also be audited. LAAC § 24.41(A)(2).

AUDIT PERIOD

The audit covered the period of July 1, 2018 through July 26, 2019.

One other committee controlled by candidate Graciela Ortiz was audited as part of the same election cycle: “Graciela Ortiz for School Board 2019” (ID #1412509).

COMMITTEE BACKGROUND

Ms. Ortiz was a candidate for District 5 of the Los Angeles Unified School District Board of Education in the special primary election that was held on March 5, 2019. Her campaign committee for that election (“Graciela Ortiz for School Board 2019”) was subject to mandatory audit. The Committee was audited, because it was also controlled by Ms. Ortiz during the election cycle.

Ms. Ortiz filed a “Statement of Organization” with the Secretary of State on May 1, 2014, establishing the Committee to raise funds and to pay for expenses relating to her candidacy for a Huntington Park City Council seat in the general election that was held on March 3, 2015. The Committee’s identification number is 1366476.

The Committee’s treasurer was Graciela Ortiz whose office was located at 6928 Mountain View Avenue, Huntington Park, California 90255. The “Statement of Organization” was amended to change the treasurer of record to David L. Gould, whose office is located at 249 East Ocean Boulevard, Suite 685, Long Beach, California 90802 on July 31, 2019.

The Committee’s original address of record was 6928 Mountain View Avenue, Huntington Park, California 90255. The “Statement of Organization” was amended to change the address of record to 249 East Ocean Boulevard, Suite 685, Long Beach, California 90802 on July 31, 2019.

The Committee filed a “Termination Statement” with the Secretary of State on July 31, 2019, and the Committee was terminated effective July 26, 2019.

To manage its financial activity, the Committee maintained one campaign checking account at a financial institution located within the state, as required by California Government Code § 85201(a). During the audit period, the Committee reported through its campaign statements an opening cash balance of \$1,436, total cash receipts of \$10,306, total cash disbursements of \$11,742 and a closing cash balance of \$0. Cash receipts include monetary contributions and miscellaneous increases to cash (account interest, refund of deposits, etc.).

AUDIT SCOPE AND PROCEDURES

The audit included tests of the Committee’s records and transactions. The audit included but was not limited to the following general categories:

1. Compliance with laws governing the receipt of contributions, including loans;
2. Proper disclosure of contributions, including itemization when required, as well as the completeness and accuracy of the information disclosed;
3. Proper disclosure of disbursements, including itemization when required, as well as the completeness and accuracy of the information disclosed;
4. Proper disclosure of debts and obligations;
5. Accuracy of total reported receipts, disbursements, and cash balances, as compared to campaign bank records;
6. Adequate recordkeeping for transactions;
7. Complete and timely filing of state and City forms, statements, and reports;
8. Compliance with disclaimer and disclosure requirements for campaign communications; and
9. Other audit categories deemed necessary.

Audit reports and information gathered through audits are referred to the Ethics Commission’s enforcement division and may be referred to other appropriate law enforcement agencies.

AUDIT FINDINGS

Audit findings describe instances in which auditors concluded that a committee failed to comply with state or City law. A committee’s activities may also be monitored by the Ethics Commission’s enforcement division and other enforcement agencies. A four-year statute of limitations applies to an Ethics Commission enforcement matter, unless the alleged violation involved concealment or deceit. Los Angeles Administrative Code (LAAC) § 24.26(a)(2)(A).

Auditors concluded that the Committee did not have any material findings in this audit.

AUDIT REPORT

“JOHN LEE FOR CITY COUNCIL 2019”

*2019 Special Primary Election Committee
(ID #1415064)*

July 21, 2021



AUDIT REPORT

“John Lee for City Council 2019” *2019 Special Primary Election Committee*

AUDIT AUTHORITY

The Ethics Commission audited the “John Lee for City Council 2019” committee (the Committee) to determine if the candidate, the treasurer, and the Committee complied with the limitations, prohibitions, recordkeeping requirements, and disclosure requirements in the state’s Political Reform Act of 1974, the Los Angeles City Charter (Charter), and applicable City ordinances and policies. The Ethics Commission is required to “conduct audits and investigations of reports and statements filed by candidates and committees supporting or opposing candidates for City offices.” Charter § 470(n)(2). An audit is mandatory for each candidate who raised \$100,000 or more in contributions, made \$100,000 or more in expenditures, or received public matching funds. Los Angeles Administrative Code (LAAC) § 24.41(A)(1); Charter § 702(d). In addition, each committee that is controlled by a candidate who is subject to a mandatory campaign audit must also be audited. LAAC § 24.41(A)(2).

AUDIT PERIOD

The audit covered the period of January 1, 2019, through December 31, 2020.

One other committee controlled by candidate John Lee was audited as part of the same election cycle: “John Lee for City Council 2019 – Runoff” (ID #1419085).

COMMITTEE BACKGROUND

Mr. Lee was a candidate for Council District 12 in the special primary election that was held on June 4, 2019. The Committee was the campaign committee that Mr. Lee controlled for that election. Mr. Lee participated in the public matching funds program and received public funds for the special primary election. He was opposed in the race by 14 other candidates: Loraine Lundquist, Scott Abrams, Carlos Amador, Jay Beeber, Annie Cho, Jeffery Daar, Charles Sean Dinse, Frank Ferry, Jack Kayajian, Stella T. Maloyan, Raji Rab, Brandon Saario, Navraj Singh, and Joshua Michael Yeager. Mr. Lee received 18.7 percent of the 43,745 votes cast in the special primary election and advanced to a runoff with Loraine Lundquist in the special general election that was held on August 13, 2019.

Mr. Lee filed a “Declaration of Intent to Solicit and Receive Contributions” with the Ethics Commission on January 16, 2019. The Committee filed a “Statement of Organization” with the Secretary of State on January 10, 2019, and the Committee’s identification number is 1415064.

The Committee's treasurer was Natalie Rodgers, whose office was located at 4800 Kokomo Drive, Suite 815, Sacramento, California 95835. The "Statement of Organization" was amended to change the treasurer of record to Kim Lutz, whose office is located at 1787 Tribute Road, Suite K, Sacramento, California 95815 on July 5, 2019.

The Committee's original address of record was 20611 Lugano Way, Porter Ranch, California 91326. The "Statement of Organization" was amended to change the address of record to 19709 Rinaldi Street, Porter Ranch, California 91326 on July 5, 2019. The "Statement of Organization" was amended again to change the address of record to 1787 Tribute Road, Suite K, Sacramento, California 95815 on July 30, 2020.

The Committee's original bank was Wells Fargo Bank. The "Statement of Organization" was amended on April 21, 2020, to change the Committee's bank to First Foundation Bank.

The Committee filed a "Termination Statement" with the Secretary of State on February 1, 2021, and the Committee was terminated effective December 31, 2020.

To manage its financial activity, the Committee maintained one campaign checking account at a financial institution located within the City, as required by Charter § 470(g). During the audit period, the Committee reported through its campaign statements an opening cash balance of \$0, total cash receipts of \$434,468, total cash disbursements of \$434,468, and a closing cash balance of \$0. Cash receipts include monetary contributions and miscellaneous increases to cash (matching funds, account interest, refund of deposits, etc.).

AUDIT SCOPE AND PROCEDURES

The audit included tests of the Committee's records and transactions. The audit included but was not limited to the following general categories:

1. Compliance with laws governing the receipt of contributions, including loans;
2. Proper disclosure of contributions, including itemization when required, as well as the completeness and accuracy of the information disclosed;
3. Proper disclosure of disbursements, including itemization when required, as well as the completeness and accuracy of the information disclosed;
4. Proper disclosure of debts and obligations;
5. Accuracy of total reported receipts, disbursements, and cash balances, as compared to bank records;
6. Adequate recordkeeping for transactions;
7. Compliance with matching funds regulations and spending limits;

8. Complete and timely filing of state and City forms, statements, and reports;
9. Compliance with disclaimer and disclosure requirements for campaign communications; and
10. Other audit categories deemed necessary.

Audit reports and information gathered through audits are referred to the Ethics Commission's enforcement division and may be referred to other appropriate law enforcement agencies.

CURED CONTRIBUTIONS

The Ethics Commission's Excess Contribution Policy permits candidates and committees to cure contributions that are prohibited or exceed a contribution limit. In addition to meeting other criteria, the contribution must be returned within a specified period of time to either the contributor or the City's general fund. Contributions that are properly cured are not treated as violations, but they must be identified in audit reports. See Excess Contribution Policy § C.3.

The Committee properly cured the contributions that are identified in Attachment A.

AUDIT FINDINGS

Audit findings describe instances in which auditors concluded that a committee failed to comply with state or City law. A committee's activities may also be monitored by the Ethics Commission's enforcement division and other enforcement agencies. A four-year statute of limitations applies to an Ethics Commission enforcement matter, unless the alleged violation involved concealment or deceit. LAAC § 24.26(a)(2)(A).

Auditors concluded that the Committee did not have any material findings in this audit.

Attachment:

A Cured Contributions

Attachment A

Cured Contributions

John Lee for City Council 2019 (ID #1415064)

Set	Reason for Curing*	Contributor	Date Received	Amount
1	Cumulative	Felipe Fuentes	2/7/2019	\$800.00
		Felipe Fuentes	5/30/2019	\$350.00
2	Cumulative	Heeyun Lee	3/8/2019	\$1,000.00
3	Cumulative	Brenton Tesler	1/15/2019	\$800.00
		Brenton S. Tesler	6/18/2019	\$800.00

***Reasons for Curing a Contribution:**

Aggregated: For purposes of the applicable per-person contribution limit, contributions from multiple persons must be treated as having been made by a single person when certain shared interests exist, such as those between a sole proprietorship and the sole proprietor.

Cumulative: Contributions from a single person may not exceed the applicable per-person contribution limit to a committee during an election.

Prohibited: Contributions from certain persons, such as lobbyists are prohibited.

AUDIT REPORT

“JOHN LEE FOR CITY COUNCIL 2019 - RUNOFF”

*2019 Special General Election Committee
(ID #1419085)*

July 21, 2021



AUDIT REPORT

“John Lee for City Council 2019 - Runoff” *2019 Special General Election Committee*

AUDIT AUTHORITY

The Ethics Commission audited the “John Lee for City Council 2019 - Runoff” committee (the Committee) to determine if the candidate, the treasurer, and the Committee complied with the limitations, prohibitions, recordkeeping requirements, and disclosure requirements in the state’s Political Reform Act of 1974, the Los Angeles City Charter (Charter), and applicable City ordinances and policies. The Ethics Commission is required to “conduct audits and investigations of reports and statements filed by candidates and committees supporting or opposing candidates for City offices.” Charter § 470(n)(2). An audit is mandatory for each candidate who raised \$100,000 or more in contributions, made \$100,000 or more in expenditures, or received public matching funds. Los Angeles Administrative Code (LAAC) § 24.41(A)(1); Charter § 702(d). In addition, each committee that is controlled by a candidate who is subject to a mandatory campaign audit must also be audited. LAAC § 24.41(A)(2).

AUDIT PERIOD

The audit covered the period of January 1, 2019, through December 31, 2020.

One other committee controlled by candidate John Lee was audited as part of the same election cycle: “John Lee for City Council 2019” (ID #1415064).

COMMITTEE BACKGROUND

Mr. Lee was a candidate for Council District 12 in the special general election that was held on August 13, 2019. The Committee was the campaign committee that Mr. Lee controlled for that election. Mr. Lee participated in the public matching funds program and received public funds for the special general election. He was opposed in the race by Loraine Lundquist. Mr. Lee won the special general election with 51.5 percent of the 37,685 votes.

Mr. Lee filed a “Declaration of Intent to Solicit and Receive Contributions” with the Ethics Commission on June 12, 2019. The Committee filed a “Statement of Organization” with the Secretary of State on June 11, 2019, and the Committee’s identification number is 1419085.

The Committee’s treasurer was Kim Lutz, whose office is located at 1787 Tribute Road, Suite K, Sacramento, California 95815.

The Committee's original address of record was 19709 Rinaldi Street, Porter Ranch, California 91326. The "Statement of Organization" was amended to change the address of record to 1787 Tribute Road, Suite K, Sacramento, California 95815 on July 30, 2020.

The Committee filed a "Termination Statement" with the Secretary of State on February 1, 2021, and the Committee was terminated effective December 31, 2020.

To manage its financial activity, the Committee maintained one campaign checking account at a financial institution located within the City, as required by Charter § 470(g). During the audit period, the Committee reported through its campaign statements an opening cash balance of \$0, total cash receipts of \$473,435, total cash disbursements of \$473,435, and a closing cash balance of \$0. Cash receipts include monetary contributions and miscellaneous increases to cash (matching funds, account interest, refund of deposits, etc.).

AUDIT SCOPE AND PROCEDURES

The audit included tests of the Committee's records and transactions. The audit included but was not limited to the following general categories:

1. Compliance with laws governing the receipt of contributions, including loans;
2. Proper disclosure of contributions, including itemization when required, as well as the completeness and accuracy of the information disclosed;
3. Proper disclosure of disbursements, including itemization when required, as well as the completeness and accuracy of the information disclosed;
4. Proper disclosure of debts and obligations;
5. Accuracy of total reported receipts, disbursements, and cash balances, as compared to bank records;
6. Adequate recordkeeping for transactions;
7. Compliance with matching funds regulations and spending limits;
8. Complete and timely filing of state and City forms, statements, and reports;
9. Compliance with disclaimer and disclosure requirements for campaign communications; and
10. Other audit categories deemed necessary.

Audit reports and information gathered through audits are referred to the Ethics Commission's enforcement division and may be referred to other appropriate law enforcement agencies.

CURED CONTRIBUTIONS

The Ethics Commission's Excess Contribution Policy permits candidates and committees to cure contributions that are prohibited or exceed a contribution limit. In addition to meeting other criteria, the contribution must be returned within a specified period of time to either the contributor or the City's general fund. Contributions that are properly cured are not treated as violations, but they must be identified in audit reports. See Excess Contribution Policy § C.3.

The Committee properly cured the contributions that are identified in Attachment A.

AUDIT FINDINGS

Audit findings describe instances in which auditors concluded that a committee failed to comply with state or City law. A committee's activities may also be monitored by the Ethics Commission's enforcement division and other enforcement agencies. A four-year statute of limitations applies to an Ethics Commission enforcement matter, unless the alleged violation involved concealment or deceit. LAAC § 24.26(a)(2)(A).

Auditors concluded that the Committee did not have any material findings in this audit.

Attachment:

A Cured Contributions

Attachment A
Cured Contributions
John Lee for City Council 2019 - Runoff (ID #1419085)

Set	Reason for Curing*	Contributor	Date Received	Amount
1	Cumulative	Patricia L. Glaser	6/25/2019	\$800.00
		Patricia L. Glaser	7/31/2019	\$800.00

***Reasons for Curing a Contribution:**

Aggregated: For purposes of the applicable per-person contribution limit, contributions from multiple persons must be treated as having been made by a single person when certain shared interests exist, such as those between a sole proprietorship and the sole proprietor.

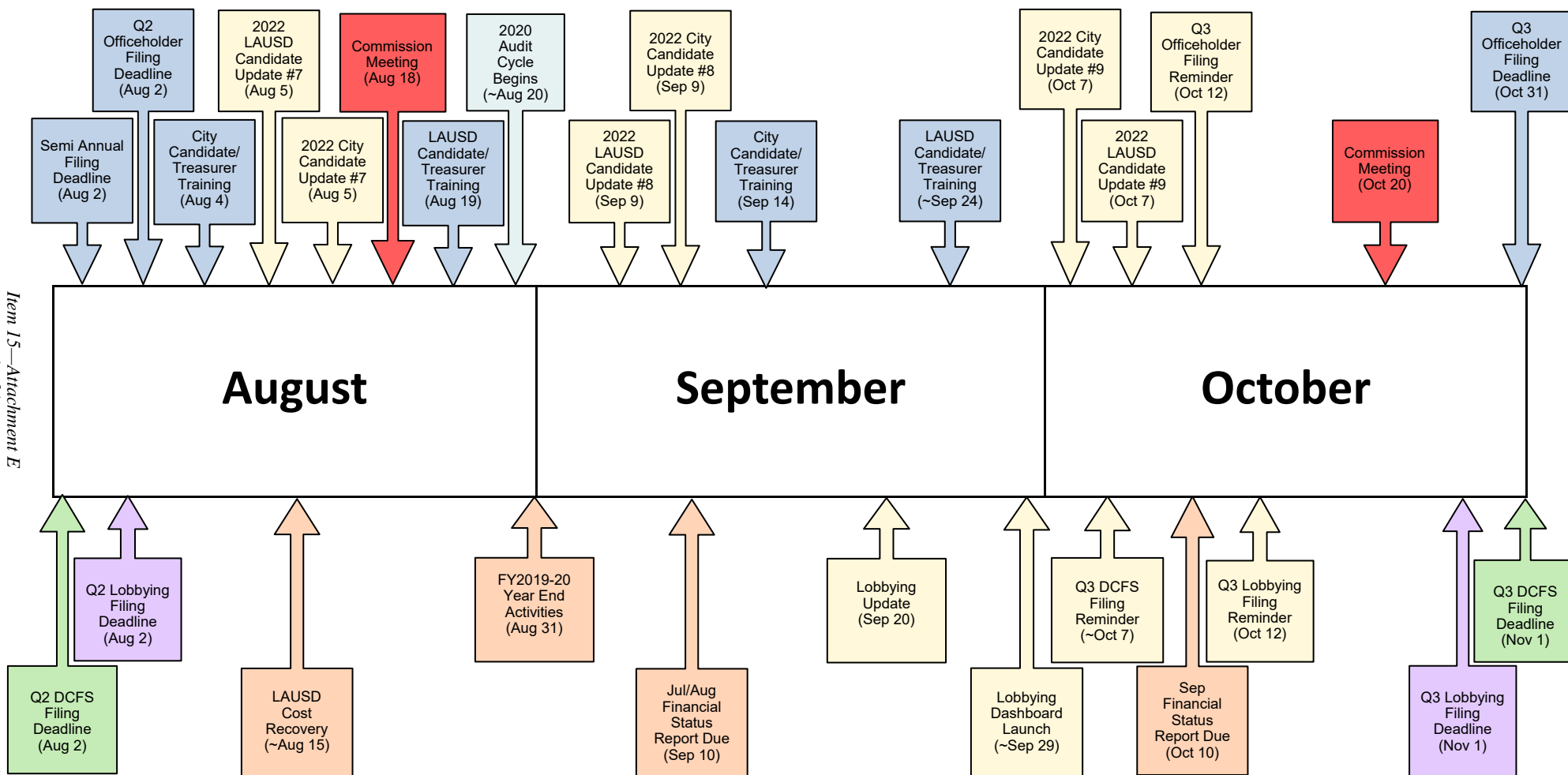
Cumulative: Contributions from a single person may not exceed the applicable per-person contribution limit to a committee during an election.

Prohibited: Contributions from certain persons, such as lobbyists are prohibited.

Ethics Commission Key Events & Deadlines August 2021

Item 15—Attachment E
1 of 1

August 18, 2021



Legend:	 Governmental Ethics	 Campaign Finance	 Communications	 Administration	 Lobbying	 Audits
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